Consolidated Building Corporation Limited
Report to Shareholders 1974

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Bovis Corporation Limited

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Consolidated Building Corporation Limited

Harold MacNamara
Chairman of the Board
Bovis Corporation Limited

D. Norman Morris, C.A.
Vice President, Finance
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Somer Rumm
Vice President, Land Development
Consolidated Building Corporation Limited

Lawrence Shankman
President and Chief Executive Officer
Consolidated Building Corporation Limited

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Chairman of the Board

Lawrence Shankman
President and Chief Executive Officer

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Vice President, Finance

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Vice President, Land Development

Auditors
Clarkson, Gordon & Co.

Transfer Agents and Registrar
Guaranty Trust Company of Canada

Listed
Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

Report To Shareholders

Dear Shareholder

The year ended February 28, 1974 was the most successful one in the history of Consolidated Building Corporation.

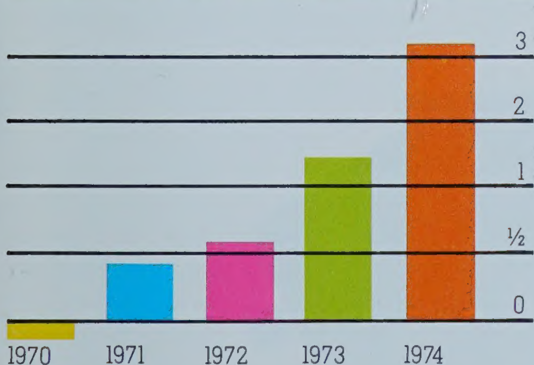
The Financial Highlights reflect the all-round improvements your company has made. Gross revenue rose to $35,565,000 from $28,878,000, up approximately $7,000,000 on the year.

Net earnings climbed by 139 per cent to $3,201,000 from $1,338,000. On August 31, 1973, 1,200,000 treasury shares were issued to Bovis Corporation Ltd., nonetheless earnings-per-common-share rose by 100 per cent to 57¢ per share.

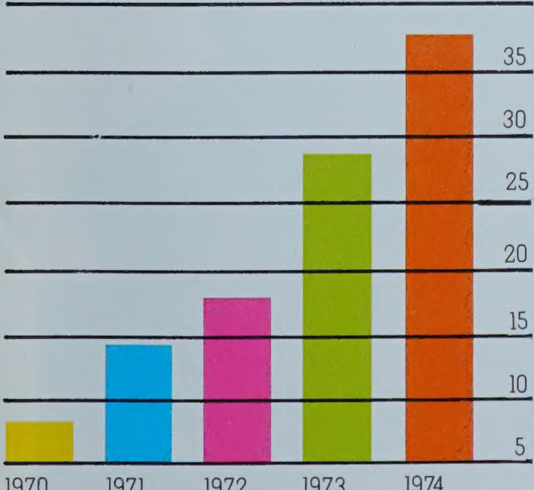
Assets increased to $65,375,000 from $41,429,000 and shareholders' equity to $12,278,000, an increase of 172 per cent for the year. Through the use of joint ventures and well-arranged mortgages the company was able to show a high rate of return on shareholders' equity.
The rate of return was 38 per cent on an average shareholders' equity of $8,395,000.

Consistent with our policy of improved disclosure, we have adopted a new technique of presenting our interests in joint ventures, as outlined in Note 1 (a) (ii). Through an ever increasing number of joint ventures, we have added to our inventory of land. We now control 3,192 acres of land in seven municipalities.

Net Earnings
Millions of Dollars



Revenue
Millions of Dollars



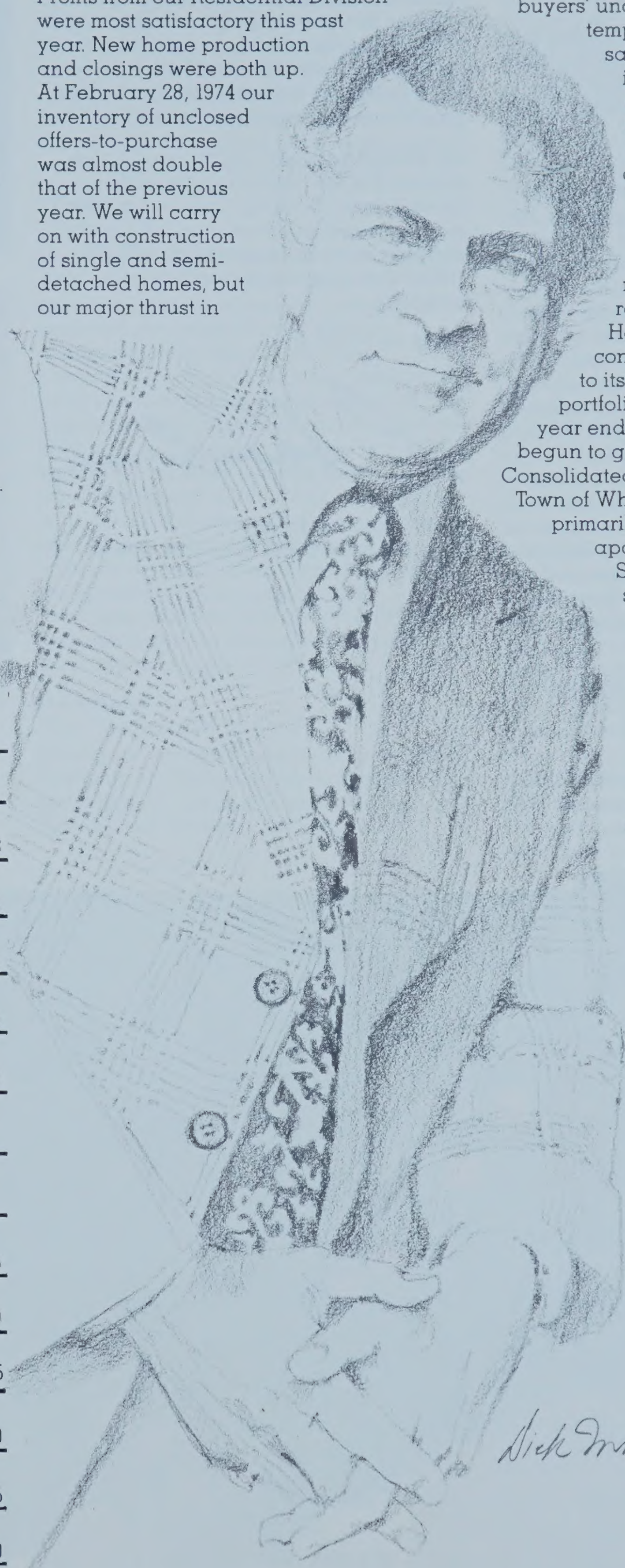
A portion of this land is currently being developed and we expect urbanization on a larger scale via a steadily phased program. We will continue to look to land development as our major source of income.

Profits from our Residential Division were most satisfactory this past year. New home production and closings were both up. At February 28, 1974 our inventory of unclosed offers-to-purchase was almost double that of the previous year. We will carry on with construction of single and semi-detached homes, but our major thrust in the housing field during the coming year will be in condominium housing. At this time, we have four condominium projects underway totalling 808 units and an additional 589 units are being planned for construction late this year or early spring of 1975. High interest rates and buyers' uncertainty have caused a temporary slowdown in house sales. However, because of our inventory of unclosed offers and sales made during the first two months of the current year, we can look forward to an increase in the number of house closings during our current fiscal year.

As predicted in last year's report, we had a reduction in rental income during the year. However, your company is continuing its program of adding to its Revenue Producing property portfolio. Since the February 28th year end, two new projects have begun to generate rental income for Consolidated. An industrial building in the Town of Whitby has been fully leased, primarily as office space, and our apartment building at 40 Gerrard St. in Toronto is in its final stages of construction with over 100 suites now occupied.

We currently have under construction a total of 1,533 apartment suites plus 105,000 sq. ft. of shopping centre space. This will ensure an increase in our annual cash flow and provide greater stability for our earnings.

My personal responsibility, as President, is to sustain profits and to make certain that Consolidated Building Corporation makes a social as well as an economic contribution to the community. No doubt, our successes of 1973/74 will be attacked by the critics of the building industry. However, as you know, success isn't measured only in terms of a



balance sheet. This past year, Consolidated Building Corporation employed hundreds of administrative and construction personnel. We provided what we feel to be attractive accommodation for several thousand families in a market that is in desperate need of additional housing. We generated earnings for our shareholders and took important steps to further secure their investment in the future of Consolidated Building Corporation. Furthermore, increased profits mean taxes, for the benefit of all.

As with most "causes," the critics of our industry have used some members of the press as their political stepping stones. By "press" I mean radio, television, newspapers and newsmagazines. In order to obtain a non partisan view of the building development industry, we commissioned Peter Worthington, Executive Editor of the Toronto Sun, to prepare the article that has been published as a supplement to your annual report. In a very brief meeting with Mr. Worthington, we asked him to be completely candid and assured him that his article would be printed verbatim. In view of Peter Worthington's journalistic credentials, his experience as the Toronto Telegram's Moscow correspondent and his obvious concern as a citizen of Toronto, his comments are truly interesting. Please bear in mind that the article is one man's opinion and therefore the views expressed by Mr. Worthington are not necessarily those of Consolidated Building Corporation.

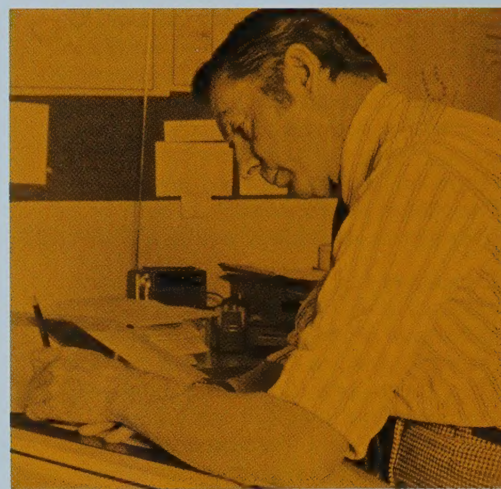
In summary, we feel that the year 1973/74 was a significant one for your company. We have sustained a growth pattern while improving our financial strength and asset values. Our land bank has appreciated and its current market value is well in excess of reported book costs.

Strong demand for all forms of developed land and housing indicate to us that Consolidated Building Corporation can expect continued successes. Despite the fact that this country is currently beset with temporarily high mortgage interest rates and more stringent government regulations, we are anticipating a further gain in our earnings for February 28, 1975.

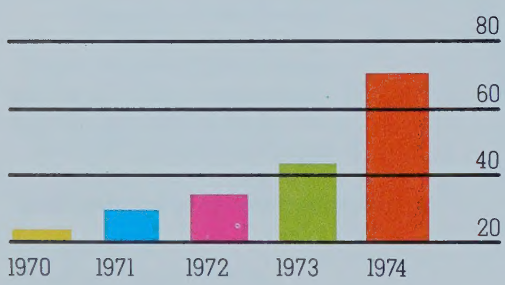
My sincere personal "Thank-you" to the members of the board and the staff of Consolidated Building Corporation. The successes of the past year and the momentum we have gained for 1974/75 reflect their interest and dedication to your company.

Yours very truly,

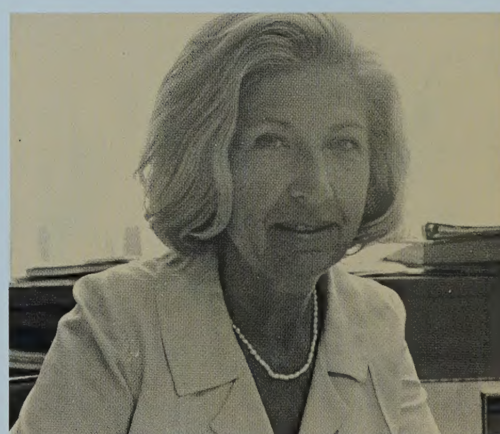
Lawrence Shankman
President and Chief Executive Officer



Assets
Millions of Dollars



Financial Highlights	1974	1973
Revenue	$35,565,000	$28,878,000
Earnings before Income Taxes	$ 6,701,000	$ 2,888,000
Net Earnings	$ 3,201,000	$ 1,338,000
Net Earnings per Common Share	57¢	28¢
Cash Flow from Operations	$ 4,588,000	$ 3,205,000
Cash Flow per Share	82.2¢	66.1¢
Shareholders' Equity	$12,278,000	$ 4,511,000
Number of Common Shares Outstanding at year end	6,195,329	4,955,870



Review of Operations

Land Division

The year under review was active and profitable for this division. Sales of 208 lots and 47 acres of apartment and townhouse land were made from our land inventory. Some of these sales were out of our joint venture holdings.

Scarborough
Rosewood Subdivision

The first two phases of this three stage development have now been registered and the installation of services is well underway. (See map/1) The third and final phase should be registered this summer. We have increased our percentage ownership in this community of 1,240 building units from 33⅓ per cent to 50 per cent. In keeping with our policy of developing lots for our own building programme as well as for sales to other builders, we have retained a portion of the lots for our own production account and have sold the balance. The profits arising from these sales will be reflected in the February 28, 1975 statement.

To replace this inventory, we have entered into an agreement to purchase an additional 50 acre parcel of land to the northeast of our present site. (See map/2) The Borough of Scarborough has already prepared a secondary plan of this area for consideration by the planning board and public participation. The designated land use contemplated for the property purchased would provide for approximately 775 building sites. We anticipate the registration of this parcel in the summer of 1976 with construction to follow in the fall of the same year.

Whitby
Meadows of West Lynde

We have now received the final approval on phase II of this development and have commenced the construction of services. We have sold 173 lots with 5 per cent of them being offered to the Ontario Housing Corporation at a reduced price, to assist the Government in its effort to produce lower priced housing. The balance of the land in this development is being readied for a townhouse project of between 150 and 200 units and our plans have now received preliminary approval. (See map/3)

Whitby
Thickson Road

The Town of Whitby amended its official plan and now designates our land holdings in this area as part commercial and part medium and high density residential. (See map/4) We are proceeding with a plan for the approval of a 24 acre commercial site consisting of approximately 220,000 square feet of retail shopping centre space together with 40,000 square feet of office commercial space which we intend to build and own together with a joint venture partner. Planning is also underway for the approval of the balance of the lands which have been designated for approximately 350 townhouse sites and 100 apartments. We anticipate that the project will receive its final approval early in 1975.

Heart Lake
The Villages of Heart Lake

During the past year negotiations with the Township of Chinguacousy culminated in the signing of a subdivision agreement for this 750 acre project. (See map/5) In January of 1974 the regional government of Peel was formed by the Province and these lands were then brought under the jurisdiction of the new City of Brampton. The creation of this new governmental jurisdiction has caused some delays in processing our development. However, we can now expect approval from the new City of Brampton and are awaiting final approval from the Province. Registration should follow shortly thereafter. We are planning to commence the servicing of the Villages of Heart Lake in the fall of this year.

This new community will provide for approximately 4,300 dwelling units located north of No. 7 Highway and the central core of the new City of Brampton. It is immediately adjacent to the Heart Lake Conservation Area which consists of 375 acres. Its recreational facilities will be most convenient to our future residents. To preserve the Heart Lake setting and protect the surrounding environment we have put together a team of planners, engineers and environmentalists who have created a completely integrated recreational residential development containing, among other features, a man-made lake, executive type golf course, arena, tennis courts, skating rinks, and riding stable. The development of this acreage will provide your company with a 4 to 5 year building program.

Also included in the Heart Lake plan is a shopping centre site of 40 acres to accommodate 350,000 square feet of retail stores along with 700,000 square feet of commercial office space. An industrial park of 100 acres is also being planned. Your company has a 50 per cent interest in this

project and has been appointed the project manager.

Kitchener/Waterloo

80 acres of prime land were purchased in the Kitchener/Waterloo area late last year and plans are now being processed for the development of these lands. Water and sewer servicing problems for the area are being resolved and we are projecting approvals in late 1976 so that construction and sales can commence at that time. (See map/6)

Keswick

In May 1974 we entered into a 50 per cent joint venture as managing partner to develop 108 acres of land for residential purposes in the resort community of Keswick on the shore of Lake Simcoe. The property is located on Don Mills Road approximately 45 minutes travelling time from Metropolitan Toronto. (See map/7) We are anticipating a start on construction in this area in the fall of 1976.

Mississauga

Subsequent to our year end, we acquired 670 acres of prime land in the Town of Mississauga immediately abutting the new towns of Meadowvale and Erin Mills. (See map/8) The planning for this development is already in progress with a view to bringing building lots on the market within the next 3 to 4 years. This will provide us with a substantial inventory of building lots for an ongoing construction program in this area. This development is a 50 per cent joint venture in which your company is the managing partner.

Oshawa

We completed the purchase of 393 acres in the Township of East Whitby during the past year. On January 1, 1974 these lands were incorporated into the city of Oshawa and are expected to form part of the future planned community of Columbus. (See map/9)

North Whitby
Brooklin

We have entered into agreements to acquire approximately 1,000 acres of land surrounding the Town of Brooklin, five miles north of the Whitby town centre. (See map/10) We have been most impressed with the rural character of the existing town and have put together a team of planners, engineers, ecologists, environmentalists and sociologists to produce a plan which will enlarge the community of Brooklin, while retaining its rural charm. We have enjoyed excellent relations with the officials of the Town of Whitby, where we have been most successful with our West Lynde project. In view of the research and the planning for people that is being generated to ensure that this development does not disturb the local situation we are anticipating a favorable response with regard to an early commencement of development. This project is also a 50 per cent joint venture in which your company has been appointed the managing partner.

Since our last Annual Report we have added considerable acreage to our land bank and now have 3,192 acres of what we consider to be prime developable land. It is our intention to maintain a constant supply of inventory and we will continue to pursue our program of land acquisition and land banking.

Residential Division

This division experienced a substantial increase in activity during the past year. A total of 1,282 new housing starts were made in addition to the 1,119 homes already under construction at the beginning of the fiscal year.

North York
Pinehill

Construction has begun on a two phase development of 144 semi-detached homes on Don Mills Rd., north of Finch Avenue in the Borough of North York. (See map/11) Phase One of this development has been completely sold out and construction and sales are well underway on the homes in Phase Two.

Malton
Ridgewood Green

Our total inventory of 232 detached and semi-detached homes in this development have been sold and the last of these homes are now being completed for occupancy. (See map/12)

Clarkson
Inverhouse

This condominium community of 85 townhouses has been sold and construction and occupancy will be completed this summer. We have under construction at the same location a 12 storey semi-luxury highrise condominium apartment building of 125 suites. Mortgage financing has been arranged and sales are to commence shortly with the first occupancies being expected in early 1975. (See map/13)

Meadowvale South

Planning has been completed and building permits received for the development of two highrise apartment condominium towers totalling 222 suites. These buildings will not be started until mortgage interest rates stabilize—we anticipate this will occur in the early fall of this year. (See map/14)

Meadowvale West

The first phase of this development, consisting of 96 detached and semi-detached homes, is well under construction and, in fact, some families are already living in this community. All of the homes in this phase have been sold. Construction has also started on Phase Two, comprising 197 homes, and sales are continuing to proceed extremely well. (See map/15)

Also in Meadowvale West we are planning the construction of 110 condominium townhouses for a summer start. Mortgage financing for this project has already been arranged.

Scarborough
Morningside and Lawrence

The Senior Citizens' apartment building of 346 suites which was constructed under contract with the Metropolitan Toronto Housing Company has been completed. (See map/16)

On adjacent land, construction and sales have begun on a new project of 104 condominium stacked townhouses. At the same location, we have also received a building permit for the construction of an 18 storey highrise apartment tower, consisting of 213 condominium apartment homes, which we expect to start later this year. (See map/17)

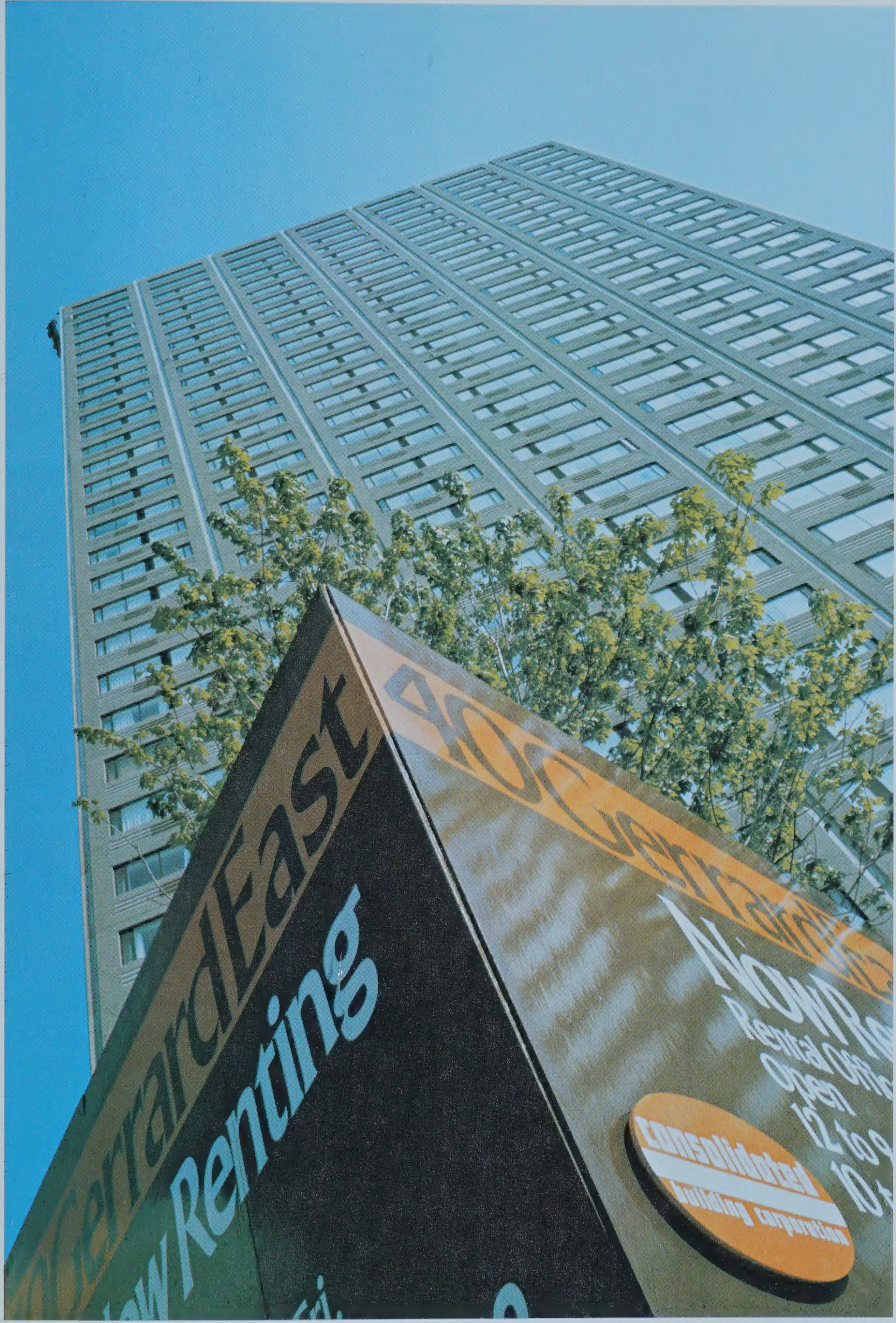
Plans are now being drawn for the construction on the final block of land in this complex of a 9 storey condominium tower which will contain 164 condominium apartments. We expect to start this final phase in the spring of 1975. (See map/18)

Toronto
Lonsdale House

Late in 1973 we acquired a 50 per cent interest in this luxury apartment building in the Forest Hill section of Toronto. (See map/19) The building contains 84 extra large 2 and 3 bedroom condominium apartments. The building presently is partially rented and is being converted to condominium. More than 50 per cent of the suites have already been sold. Your Company is managing the completion and sale of these units on behalf of the joint venture.

Etobicoke
Markland Woods

We have recently entered into a joint venture in which we have a 33⅓ per cent interest for the development and sale of 494 luxury condominium apartments at Burnamthorpe and Mill Road in the Township of Etobicoke. (See map/20) The project comprises two 16-storey apartment towers and the first building has now reached the roof stage. The buildings are ideally located, backing onto the Markland Woods Golf Course. Each of the apartments has been designed as either a split level or a two-storey and each has a view of the picturesque golf course to the rear. Your Company has assumed the responsibility for the marketing, sales and management of the condominium units and expects to have the model suites ready for a selling program in September of this year.



Brampton

Villages of Central Park

We are continuing to supervise the planning, construction and sale of this H.O.M.E. community on behalf of our partners in the joint venture. During the last year 900 homes were sold and occupied, making a total of approximately 1,200 families now living in this community as of February 28, 1974.

In addition, a further 650 homes are now under construction and virtually all of them have been sold for possession this year. We are presently servicing the land for the final 650 homes and we expect that sales in this phase will commence in July. (See map/21)

From every point of view this project has been a phenomenal success and has given ourselves and our partners the opportunity to provide detached homes for families of moderate income in co-operation with the Municipality and the Province of Ontario.

Revenue Property Division

In addition to the managing of Company owned revenue producing properties, this division manages on a fee basis, four residential complexes registered under the condominium act and has entered into agreements to manage five additional developments which are presently under various stages of registration. On completion of these projects the total number of units managed by your company will exceed 1,500.

40 Gerrard Street East

This apartment building, started in 1973, is now nearing completion. The building contains 440 apartment suites plus office and retail space on the ground floor and is located in downtown Toronto adjacent to Yonge Street and the subway. Leasing of the apartments commenced in late March and, at present, over ⅓ of the suites are leased with approximately 100 being occupied. Under the present rental rates, the gross annual income from this building will be in excess of $1,100,000. (See map/22)

Whitby

Industrial Development

Construction is being completed on a 38,600 sq. ft. multi-use building which is now fully leased. Although the building is located in the Whitby Industrial Park, 85 per cent of the space has been rented for office use. The principal tenant is the

Regional Government of Durham. This is a joint venture project in which your company has a 50 per cent participation. (See map/23)

Whitby
Shopping Centre

Your Company has entered into a joint venture on land which it owns in Whitby for the construction of an enclosed shopping mall of 222,000 sq. ft. Negotiations are well advanced with the Town of Whitby for the rezoning of this property from residential to commercial use. We have reached agreement in principal with a major tenant for the leasing of 160,000 sq. ft. in this new complex. (See map/4)

Barrie
Shopping Plaza

This plaza located in the south end of the city alongside of highway 400 consists of 23 retail stores, a large bowling centre and a gas bar. The plaza is 100 per cent rented and is showing an improved return over the past year. (See map/24)

Toronto
Walmer Place

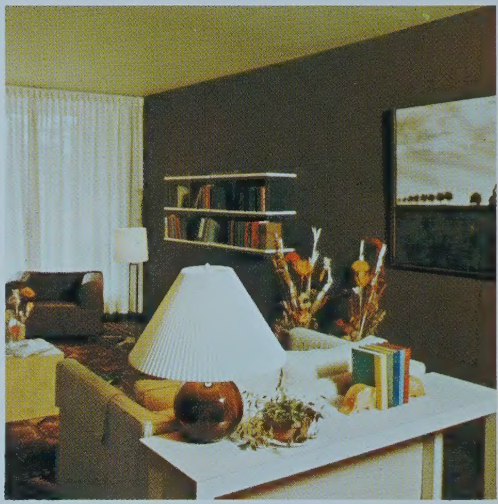
Apartment and retail-commercial rentals from the space in this mixed-use complex continue to flow at approximately 100 per cent. We are also continuing to lease the office space. The annual gross revenue from this building now exceeds $630,000. (See map/25)

Toronto
Bloor and Dundas Streets

Construction is now proceeding on this project with completion expected in mid 1975. The complex consisting of a base of 105,000 sq. ft. of enclosed shopping mall with twin 29 storey residential towers rising above the podium. The towers will contain a total of 1,093 air-conditioned and electrically heated suites. Negotiations are presently underway to lease a portion of the suites to the Metropolitan Toronto Housing Company for senior citizens apartments.

The development is located at the corner of Bloor and Dundas Streets in Toronto and has direct access to the Bloor Street subway and to the Go Transit line operating from Union Station in Toronto to Georgetown. (See map/26) Gross rental income is estimated to exceed $2,750,000 per annum from this project.

Additional income properties include The Regency Towers Hotel (See map/27), 99 Avenue Road (See map/27), 260 Richmond (See map/28). The company also manages, on a fee basis, these condominium complexes: Parkchester (See map/29), Gates of Bramalea (See map/30), Spanish Villas (See map/31) and Bayshore Heights (See map/32).



Consolidated Building Corporation Limited
and subsidiary companies

Consolidated Statement Of Earnings
For The Year Ended February 28, 1974
with comparative figures for 1973

	1974	1973
Revenue:		
Sales of real estate (note 1e)	$32,594,000	$26,138,000
Gross income from investment properties	1,871,000	2,178,000
Interest, management fees and sundry income	1,100,000	562,000
	35,565,000	28,878,000
Expenditures:		
Cost of real estate sold (including net book value of investment properties sold)	25,004,000	21,817,000
Operating expenses of investment properties (excluding interest and depreciation)	1,605,000	1,823,000
Selling, general and administrative expenses	1,564,000	1,403,000
Interest expense (note 9)	547,000	771,000
Depreciation and amortization of investment properties (note 1b)	144,000	176,000
	28,864,000	25,990,000
Earnings for the year before income taxes	6,701,000	2,888,000
Income taxes		
current	2,360,000	60,000
deferred	1,140,000	1,490,000
	3,500,000	1,550,000
Earnings for the year	$ 3,201,000	$ 1,338,000
Earnings per share (based on weighted average of shares outstanding during the year—note 6)	57¢	28¢

Consolidated Statement Of Retained Earnings
For The Year Ended February 28, 1974
with comparative figures for 1973

	1974	1973
Retained earnings (from March 1, 1971)	$ 1,803,000	$ 465,000
Earnings for the year	3,201,000	1,338,000
Retained earnings, end of year	$ 5,004,000	$ 1,803,000

The accompanying notes
are an integral part
of the financial statements

Consolidated Building Corporation Limited
and subsidiary companies

Consolidated Balance Sheet

February 28, 1974
with comparative figures for 1973

Assets	1974	1973 restated
Cash	$ 2,256,000	$ 194,000
Mortgages, sale agreements and sundry receivables	9,062,000	7,984,000
Deposits on land (note 8)	339,000	273,000
Housing completed and under construction (note 1c)	14,996,000	6,280,000
Land held for development and sale (note 1c)	23,183,000	16,532,000
Investment properties (notes 1b, 1d, 2)	15,108,000	9,785,000
Sundry	431,000	381,000
	$65,375,000	$41,429,000

The accompanying notes are an integral part of the financial statements

On behalf of the Board:

Director L Shankman

Director D N Morris

Liabilities	1974	1973 restated
Bank indebtedness (note 3)	$ 549,000	$ 3,223,000
Accounts payable and accrued liabilities	7,241,000	5,875,000
Income taxes payable	2,366,000	60,000
Progress billings, land and housing deposits	3,491,000	293,000
Mortgages on housing completed and under construction	6,549,000	4,176,000
Mortgages on investment properties (note 4a)	9,150,000	6,103,000
Other mortgages and secured loans (note 4a)	17,395,000	11,577,000
6¼% sinking fund debentures due February 1, 1979 (note 4b)	2,600,000	2,995,000
Deferred income taxes (note 5)	3,756,000	2,616,000
Contingent liabilities (note 7)		
Total liabilities	53,097,000	36,918,000
Shareholders' Equity		
Capital stock (note 6)		
Authorized:		
13,952,400 common shares without par value		
Issued:		
6,195,329 common shares without par value	7,274,000	2,708,000
Retained earnings (from March 1, 1971)	5,004,000	1,803,000
	12,278,000	4,511,000
	$65,375,000	$41,429,000

Auditors' Report

To the Shareholders of
Consolidated Building Corporation Limited:

We have examined the consolidated balance sheet of Consolidated Building Corporation Limited and its subsidiaries as at February 28, 1974 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at February 28, 1974 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in accounting presentation for joint ventures, as outlined in note 1a.

Toronto, Canada,
May 31, 1974.

Clarkson, Gordon & Co.
Chartered Accountants

Consolidated Building Corporation Limited
and subsidiary companies

Consolidated Statement Of Source And Use Of Funds
For The Year Ended February 28, 1974
with comparative figures for 1973

Sources of funds:	**1974**	**1973** restated
Earnings for the year	$ 3,201,000	$ 1,338,000
Add non cash items—		
Deferred income taxes	1,140,000	1,490,000
Depreciation and amortization	144,000	176,000
Other	103,000	201,000
Cash flow from operations	4,588,000	3,205,000
Proceeds from issue of shares	4,566,000	209,000
Mortgages		
on housing inventory	2,373,000	2,138,000
on investment properties	3,047,000	(781,000)
land and other	5,818,000	1,694,000
Increase in		
accounts payable	1,366,000	1,928,000
income taxes payable	2,306,000	60,000
progress billing and deposits	3,198,000	60,000
	27,262,000	8,513,000
Uses of funds:		
Housing inventory	8,715,000	2,457,000
Land held for development	6,726,000	5,040,000
Investment properties	5,467,000	243,000
Increase in mortgages, sale agreements and sundry receivables	1,078,000	2,483,000
Repayment of sinking fund debentures	367,000	253,000
Other assets	173,000	(441,000)
	22,526,000	10,035,000
Increase (decrease) in cash, net of bank indebtedness	$ 4,736,000	($ 1,522,000)

The accompanying notes
are an integral part
of the financial statements

Notes to Consolidated Financial Statements February 28, 1974

1. Accounting policies

(a) **Consolidation**

(i) The accounts of all subsidiary companies have been included in the consolidated financial statements.

(ii) Prior to 1974 the investment in joint ventures, all of which are unincorporated, was recorded on the balance sheet on the equity basis; this year the balance sheet presentation has been changed to reflect the Company's proportionate share of the individual assets and liabilities of such joint ventures. Accordingly, the 1973 comparative figures on the balance sheet and statement of source and use of funds have been restated. This change had the effect of increasing total assets and liabilities in 1973 by $4,018,000, but had no effect on reported income for the year. The proportionate share of the income and expenses is included in the corresponding items in the statement of earnings. This basis of presentation is consistent with prior years.

(b) **Depreciation**

The Company records depreciation on buildings held for investment purposes on a 4%, forty year sinking fund basis. The depreciation charge, which increases annually, consists of a fixed annual sum together with an amount equivalent to interest compounded at the rate of 4% per annum so that assets will be fully depreciated forty years after construction or purchase. Depreciation on equipment is recorded on a 10% straight-line basis. Leasehold improvements are written off in equal annual instalments over the terms of the leases.

(c) **Housing completed and under construction and land held for development and sale**

These include the cost of land, land improvements, building construction costs and all carrying costs such as mortgage interest, realty taxes, legal fees and other direct expenses plus a portion of interest on general borrowings considered directly applicable. The 1974 costs also include the Company's proportionate share of costs incurred on a fixed price contract covering construction by the Company of a senior citizens' home.
The Company provides for the immediate write-off of any costs which are not recoverable from the proceeds of future sales. Accordingly, the carrying value of these inventories is less than estimated realizable value.

(d) **Investment properties**

Investment properties are carried at cost, which includes mortgage interest, property taxes, legal fees and certain overhead expenses capitalized during the construction and initial leasing periods.

(e) **Revenue recognition**

Revenue from the sale of housing is recognized when each house is completed and accepted by the purchaser. Revenue from the sale of condominiums is recognized when the property has been registered as a condominium and the unit is accepted by the purchaser. Revenue from the sale of land is recognized when all material requirements related to the sales agreement have been met and when all risks of ownership have been transferred to the purchaser.

2. Investment properties, at cost

These consist of:

	1974	1973
Buildings	$ 4,820,000	$4,809,000
Equipment	550,000	521,000
Leasehold improvements	271,000	389,000
Parking lot	274,000	274,000
Buildings under construction	6,041,000	1,105,000
	11,956,000	7,098,000
Less accumulated depreciation and amortization	1,198,000	1,186,000
	10,758,000	5,912,000
Land	4,350,000	3,873,000
	$15,108,000	$9,785,000

3. Bank indebtedness

The Company has issued and deposited with its bankers as collateral security, demand debentures and a mortgage in respect of the bank loan and letters of credit outstanding (see note 7). These debentures are secured by a first floating charge on the assets of the Company. In addition, accounts receivable and certain mortgage receivables have been assigned to the bankers.

4. Long-term debt

(a) Mortgages and secured loans of $17,395,000 and mortgages payable on investment properties of $9,150,000 bear interest at rates varying from 7% to 10½%. Principal repayments are due as follows:

	Mortgages and secured loans	Mortgages payable on investment properties
Year ending February 28, 1975	$ 90,000	$ 63,000
Year ending February 29, 1976	4,247,000	536,000
Year ending February 28, 1977	3,693,000	1,093,000
Year ending February 28, 1978	1,075,000	100,000
Year ending February 28, 1979	4,356,000	109,000
Thereafter	3,934,000	7,249,000
	$17,395,000	$9,150,000

In certain circumstances, the mortgages include the right of early discharge.

It has been the policy of the Company to negotiate the renewal of mortgages on investment properties as they mature.

(b) The 6¼% sinking fund debentures, Series A, are unsecured and were issued by the Company pursuant to a trust indenture dated January 15, 1964, which provides that the Company is to retire by means of a sinking fund, $400,000 on February 1, 1975, $700,000 in each of the years 1976 to 1978 and the balance on February 1, 1979. The trust indenture also provides that dividends on common shares may only be paid from the total of the consolidated net earnings subsequent to August 31, 1963 plus the net cash proceeds to the Company of the issue, after August 31, 1963, of any of its shares. Under this provision, approximately $2,200,000 of the consolidated retained earnings as of February 28, 1974 is not available for payment of dividends.

5. Income taxes

Effective March 1, 1968, the Company adopted the tax allocation basis of providing for income taxes, under which income taxes charged or credited to earnings are based on income recorded in the accounts; previously the provision for income taxes was based on income taxes currently payable. Since this change in accounting for income taxes was not adopted retroactively, tax reductions of approximately $400,000 realized prior to March 1, 1968 as a result of claiming certain expenses in excess of the amounts recorded in the accounts, have not been included in deferred income taxes on the balance sheet.

6. Capital stock

Details of common shares issued during the year are as follows:

	Number of Shares	Total Consid-eration
(a) Issued to Bovis Corporation Limited at $3.75 per share	1,200,000	$4,500,000
(b) Exercise of employee options at prices between $1.50 and $2.34 per share	39,459	66,000
	1,239,459	$4,566,000

The Company has reserved 56,500 of the authorized and unissued common shares for outstanding employee share options. These options are exercisable at $1.50 to $3.35 per share at varying dates up to 1977.

During the year, the Board of Directors approved a stock participation plan and reserved 288,000 common shares for certain employees and directors. Under this plan, the Company will advance loans to the participating members to finance the purchase of shares. Subsequent to the year end, 179,000 common shares at $2.91 per share were issued to the participants.

7. Contingent liabilities

The Company includes, in the balance sheet, its proportionate share of assets and liabilities of the joint ventures in which it participates. The Company is contingently liable for the other participants portion of the liabilities of these joint ventures which as at February 28, 1974 totalled $12,700,000. Against this contingent liability, the Company has claims on the related assets of the joint ventures.

The Company has lodged letters of credit aggregating $2,045,000 with municipalities and utilities as security for the fulfilment of its obligations under certain subdivision agreements. Joint ventures have lodged similar letters of credit totalling $988,000.

8. Commitments

The Company in the ordinary course of business has options and agreements to purchase various parcels of land in and near Metropolitan Toronto. At February 28, 1974, the Company had outstanding recoverable deposits of $339,000 towards the purchase of land which will cost approximately $12,100,000.

9. Statutory information

The aggregate direct remuneration paid or payable by the Company to directors and senior officers (as defined under the Ontario Business Corporations Act) amounted to $475,000 in the 1974 fiscal year (1973—$380,000). Interest on debt initially incurred for a term of more than one year totalled $1,341,000 (1973—$1,474,000).

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The cover photograph reflects the human aspect of the building-development industry. The brightly coloured children's blocks symbolize our desire to create simple, pleasant and stimulating places in which to live, work and play.

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Consolidated Building Corporation Limited

The following article by Peter Worthington was published as a supplement to our 1973-74 Annual Report. The article is one man's perspective of the building and development industry in Southern Ontario. The opinions expressed by Mr Worthington are not necessarily those of Consolidated Building Corporation, its employees, or its shareholders.

Peter Worthington was a reporter for the Toronto Telegram and was, for a period of two years, The Telegram's Moscow correspondent. He is now an Executive Editor, The Toronto Sun. We commissioned Mr Worthington to write this article based on his journalistic experience, his familiarity with life in Toronto and his travels abroad.

The photographs, taken in the Spring and Summer of 1974, are of Consolidated Building Corporation properties and projects. Included are photographs of Brooklin, Ontario, a picturesque village north-west of Whitby. Land adjoining the village of Brooklin is owned by Consolidated Building Corporation and it is our intention to preserve as much of the character of the existing village as possible, in the homes, shops, community buildings and parkland that will eventually become part of this rural setting.

L Shankman

Lawrence Shankman, President,
Consolidated Building Corporation

People who live in Toronto may not know much about development and construction, but they sure know a lot about developers. As a species, developers have figured prominently in the news. In certain areas they seem almost on the endangered species list, targets of political headhunters.

They've been likened to everything from corporate vandals to Attila the Hun. One gets the impression from media reports and political opponents, who are quoted more than allies, that developers, the guys who make apartment buildings, office towers, shopping plazas, are related in spirit to Dracula or Frankenstein, either drinking the financial blood of the public, or monsters wreaking havoc in orderly neighborhoods.

One might suspect, from blindly accepting media accounts, that developers are the principal villains of society. Cleanse them out, purge them so to speak, and all troubles will be solved: like those TV ads that imply a cure to all personality problems so long as you use such-and-such a deodorant or toothpaste, and avoid "Brand X" like the plague.

Would that it were that easy. Developers are here to stay in one form or other and may even, if fair play gets a chance, not be so bad after all. But in today's jargon, truth is almost irrelevant when myth is fashionable, and politically profitable.

I am not an expert either on development or re-development or developers. I think it is wise to watch all warily. But as the editor of Canada's newest, moderately successful big-city daily, the Toronto Sun, which rose like a cheeky phoenix from the ashes of the defunct Toronto Telegram, it is impossible not to become aware of some of what is going on in development, which I use to include re-development, especially in Toronto.

I don't function in circles that involve developers. They are usually bricks-and-mortar guys who talk in acres of property and millions of dollars. Their interests are not my interests. I've lived in their creations, have found high-rise apartment living convenient and practical. Yet I've opposed the creeping of skyscrapers into residential areas, and the willingness to overload particular areas with buildings that will increase the density to such a degree that rush hour traffic will be a 24-hour nightmare, and the tendency to wreck the old to construct the new.

That said, it should be noted that Toronto is the arena, perhaps for Canada; certainly for Southern Ontario in which the enemies of development, growth and progress have chosen to wage battle. Ideology is their prime weapon; the press, or media, their often-unwitting ally.

What is happening in Toronto today will happen elsewhere tomorrow, if it hasn't already started in a variety of Canadian communities. In its way Toronto has been one of those precious entities that have helped unify Canada, like the CPR, CBC, Grey Cup, Anne Murray or Bobby Orr. Toronto, traditionally, has been the city all Canadians love to hate: Hogtown, Toronto the Good, Tory Blue, Fatcat City, etc. Almost overnight that has changed. Toronto has miraculously become the envy of America, the U.S. in particular. Even Time magazine has waxed eloquent about the joys of living there. Praise of Toronto has even reached the Australian press. Across Canada it has suddenly dawned that Toronto isn't so bad. If you can't get a drink there on Sundays, you can at least get a great meal in any number of imaginative "foreign" restaurants.

It is a good place to live: safe, orderly, pleasant.

Among the reasons for this is its development. Toronto has grown, expanded at an astonishing rate. But not without controls. It is a mixture of new and old, of high-rise and low-rise and homes. A city of people. There is no downtown mausoleum at night, a la New York. It is not a dormitory city, with the downtown daytime residents streaming to the sterile suburbs at 5 p.m. to await the coming of the next working day and another sortie into the core. Every area has permanent residents, with personal vested interest in the district. Transients co-exist with stable families.

Part of the credit for Toronto being an envied city has to go to its development, to the Attilas the Hun and Draculas who, in the past, have co-operated and worked with planning boards, municipal boards and local politicians to devise formulae for progress without chaos.

That's often hard to swallow for the reformers, self-proclaimed, who now control City Council in Toronto, and who are increasing in numbers and power in other municipalities. The Radicals of yesterday are the establishment of today.

Again, what has happened in Toronto will happen, and is happening elsewhere in Southern Ontario communities. It is wise to understand the

phenomenon, to identify it, and to learn how to co-exist with it.

In the 1972 Municipal elections in Toronto reformers won control under Mayor David Crombie. The Reform group quickly split into radicals and moderates who quarreled among themselves and only closed ranks to oppose the old guard aldermen, the dinosaurs of the sixties.

The reform elements are invariably more articulate, persuasive, sophisticated than the Old Guard. They are smarter, too, more with-it, more astute. Their appeal to members of the media is undeniable and understandable.

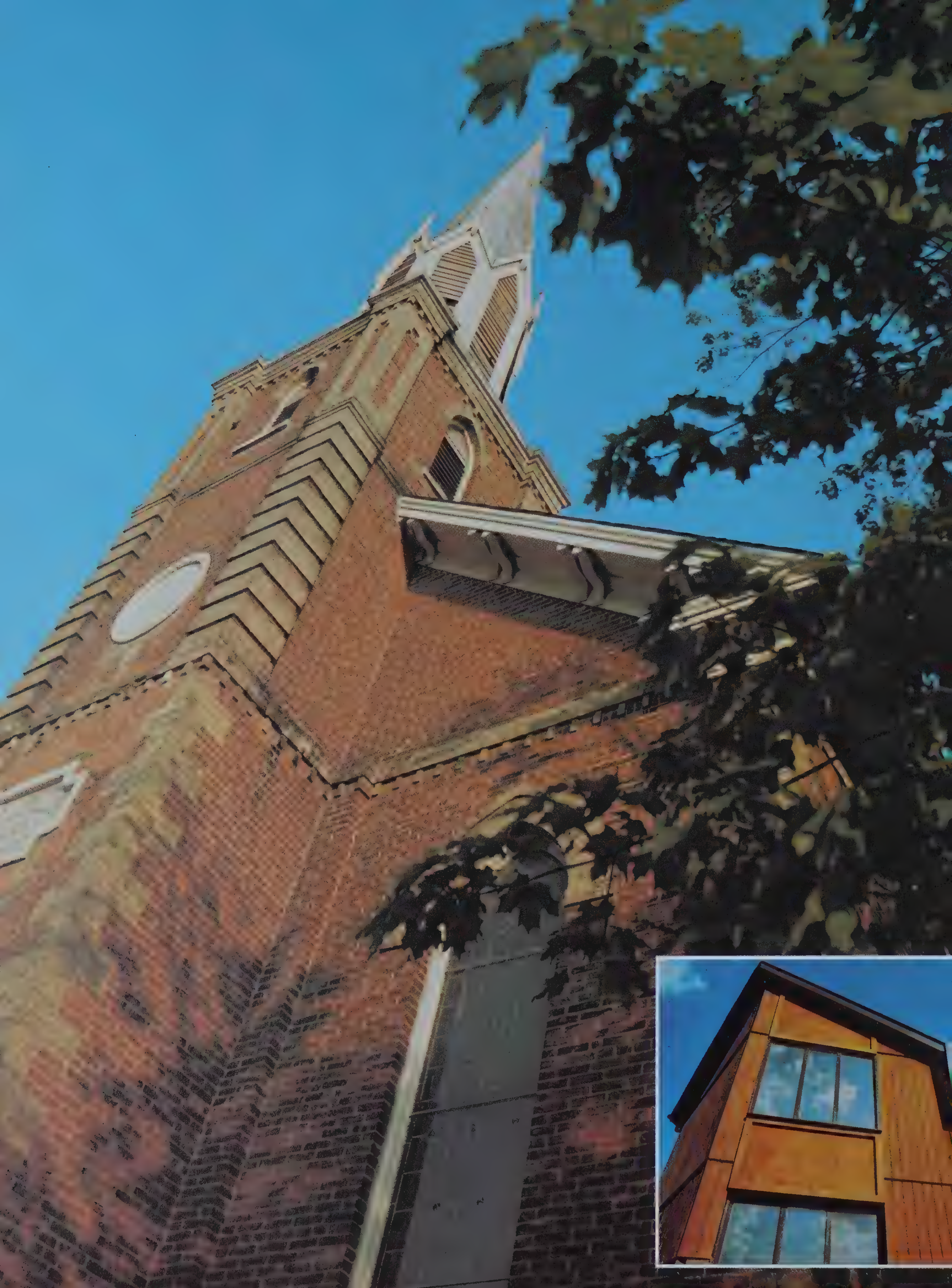
Most of them are undoubtedly sincere and honestly seek to do what is best. But they tend to be dominated by their more radical colleagues, the ideological clique, the true believers, the doctrinaire socialists. By comparison the Old Guard are conservative, plodding, dull, even reactionary.

When splits occur on Council it is exceedingly difficult for the moderates to side with the Old Guard, with whom they have little in common. It also takes courage. So when controversial issues arise the moderates, often reluctantly, feel forced to tag along and vote with the radicals whose motives often seem more inclined to revolutionary change than simple reform. They seek legislation which will change the existing system, not merely to improve it.

The reform group talks a lot about preserving the city, saving neighborhoods, improving lifestyles, etc. The irony is that they are seeking to preserve the civic virtues that their old enemies helped create, the ones now considered unfit to legislate!

The phenomenon of our times is the brigading of the citizen groups, people power, to coin the prevailing slogan, into shock troops for social change. Relatively few people organized into a well-controlled articulate, dogmatic group, are assumed to represent the larger mass. They have successfully persuaded politicians and authorities that they are the people, when in effect all they are, is a vocal minority pressure group, often with vested interests and ideologies. Often such groups are the creations of reform aldermen who turn them on and off like taps. In Toronto one of the most powerful citizen groups is CORRA, Confederation of Resident and Ratepayer Associations, which, in fact, is almost a collective of executives without a membership.

CORRA wields considerable influence in the name of the people, but has



relatively few members belonging to its 35-odd groups. It uses, and is used by various aldermen with strong convictions and boundless energy. In reality CORRA represents itself, not the people.

While the fight against high-rise has been going on for the past seven or eight years, the reformers have now won. There has virtually been no new apartment construction started in downtown Toronto in the past two years. Yet the pressure for housing increases.

High-rise is considered a blight. Self-styled progressive elements urge a return to low-rise buildings, that is, living accommodation scattered over a larger area, decreasing the density. But does it work? Is it economically feasible in a time of rising land and construction costs?

One could argue that aesthetically, high-rise is more pleasing with its green spaces and imaginative architecture etc. Better to put people up in the air than along the ground. Within reason. Can low-rise apartments afford swimming pools, saunas, gymnasiums, rec. rooms and all the apartment-living luxuries?

Have these reformers ever seen a projection of a low-rise apartment city, say a city like Moscow, in which I lived and worked as a correspondent for two years?

Moscow has no private homes. It is one of the ugliest residential cities in the world, filled with 7-storey apartment buildings, all dune-colored, all run-down, all the same. It is tenement living with a vengeance. It makes Moscow drab, its people dour. And it doesn't work.

Rent controls exist in Moscow but the demand for housing far exceeds supply. So there is corruption. Bribery, cheating and finangling are routine in order to get placed higher on waiting lists. As a consequence most big cities in the USSR are closed. Government permission is required before people can live there. Or move. This is largely because of the failure of housing. It is what awaits cities like Toronto if demand continues to exceed supply and home and apartment building is stifled and if the ideologically-motivated increase their authority and influence.

In the core area of Toronto where the population pressure is greatest, high-rise developers have been fought to a standstill by Radical reformers and their unwitting shock troops. Whenever a developer wants to tear down slum housing to make way for a high-rise apartment, often ones that include subsidized public housing, inevitably there is opposition, with the cry that the existing housing is adequate, neighborly, precious. Slum houses are even proclaimed historic sites when all else fails. Campaigns are mounted to prevent evictions of squatters, who refuse to pay rent. Kids who don't even live there have been chained to radiators to prevent eviction and demolition, and to impress the press.

Yet when, periodically, a slum-rooming house, which a developer has been prevented from razing, burns down with loss of life, the developer-owner is immediately labelled a slum landlord. Reform aldermen are quoted as saying such owners should be run out of town.

Either way, the developer can't win.

The new municipal politicians have tried to reverse decisions made by predecessors. When that happens, when new laws are made retroactive, it violates the principle of political continuity that is the cornerstone of democracy. The policies of past governments can be changed, but decisions shouldn't be made retroactive to hurt those who've abided by existing laws and made long range decisions based on good faith. If zoning bylaws and regulations are well-defined, clear and rigidly enforced, the businessman-developer knows where he stands and the city and its people prosper.

Why the hostility towards development?

Well, big developers are usually rich and aggressive and shrewd. And are easy to attack. Who wants to defend the already-wealthy? Personally I'm prepared to accept that developers are 20th century robber-barons who have to be carefully watched and tightly controlled. Then their value is harnessed and benefits to the community are immersed. Anyway developers can look after themselves.

To me, those glass-cum-concrete skyscrapers are unbelievably ugly. The huge phallic symbols in the heart of Toronto may be economically profitable and even practical and convenient. But aesthetically they are a disaster and rob a city of character. To destroy the old and serviceable in favor of the new and functional, is a shame. I think most citizens would favor tough bylaws that prevented wanton destruction of the old simply because it is old. Of course enemies of all development exploit this sentiment, while moderates who favor balanced development, are not heard or retreat into silence.

That's a far cry from preserving slums and fighting against needed re-development. But in Toronto one is made to feel like a reactionary if one seeks to be fair, or suggests that developers can be concerned citizens too.

Part of the reason for this has been what could loosely be called the corruption of the media. Or seduction. When dominant Radical reformers were outside the establishment, many like-minded reporters and municipal columnists got tips from them, and fed off their inside knowledge to develop exclusive offbeat, even sensational stories. When eventually, the radicals and their soulmates got elected and constituted the majority, these same tame journalists became mouthpieces for the new establishment.

The old guard were left without a voice to shout into the wind, ridiculed, maligned, belittled, ignored. Fair play vanished when the new took over, as happens in any revolution, quiet or violent.

Now when young, new reporters become involved in the municipal scene, the old, radical press of yesterday convince, cajole and pressure them into conforming. A maverick reporter who takes the old guard seriously and doesn't follow the prevailing line, can be ostracized and isolated. It's hard to swim upstream.

Part of the anti-developers campaign is for political gain. There are even aldermen who fight high-rise as an abomination in one crowded area, and are financially involved in it in another area. Charges of conflict of interests have been raised, but quickly fade for lack of journalistic follow-up. No one cares, no authority co-operates.

None of which adequately answers the question why the intensity of the anti-development campaign?

Consider this. Most of the reformers are varying degrees of liberal-left, some blood red, some pale pink, others white and a few fascist black.

With the total lack of apartment building going in central Toronto, the pressure for housing intensifies. As the demand goes up, supply drops and prices rise. That's a basic law of free enterprise. But with rising prices comes a growing plea for rent-controls, something radical reformers in Toronto are already calling for. Rent control is closely linked with socialism. And the person who needs housing, regardless of his politics, is going to favor any policy that saves him money and satisfies his need. Thus he is inadvertently incorporated into the struggle for social change, the push

towards socialism. And he may not even realize this is what has happened, that he is a pawn, that events are being manipulated, that there is ideological exploitation.

Whether this is the premeditated goal or not, it is the net result. One can see it in Toronto today.

The danger to the city, and to other communities destined to repeat the Toronto experience, is that eventually the people will have had a bellyful of inadequate and insufficient housing and will turn on the reformers. They could well throw them all out of office and elect politicians who, for political purposes, favor any and all development to satisfy the peoples' need. Developers then could run amok, building indiscriminately and without control. By the time brakes are put on, it could be too late, the city or community irrevocably wrecked, or at least changed. No one wants that, not even responsible developers. But if that becomes policy, they'll exploit it to the hilt for the sake of their shareholders and because that's the name of the game.

The developer, in real terms, is neither ogre nor altruist. But a person or organization doing what can be done and has to be done in order to survive economically and flourish socially.

There are good developers and bad developers, fast-buck merchants and long-term investors. But for the most part this is their country too, and it is in their interests to preserve and enhance it. Canada, and specifically Toronto and Southern Ontario have been well served in the past. There is no evidence to support the view that they won't serve the community well in future, providing regulations are firm, fair, friendly.

Anyway, this is one person's view who is neither pro nor con, and who is interested only in what is best for the majority of citizens and the community. And who believes in fair play and free enterprise.

Peter Worthington
Executive Editor, The Toronto Sun.

Designed by Graafikko
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